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1 May 1961

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CENTRAL INTELLIGENCE BULLETIN



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State Dept. review completed

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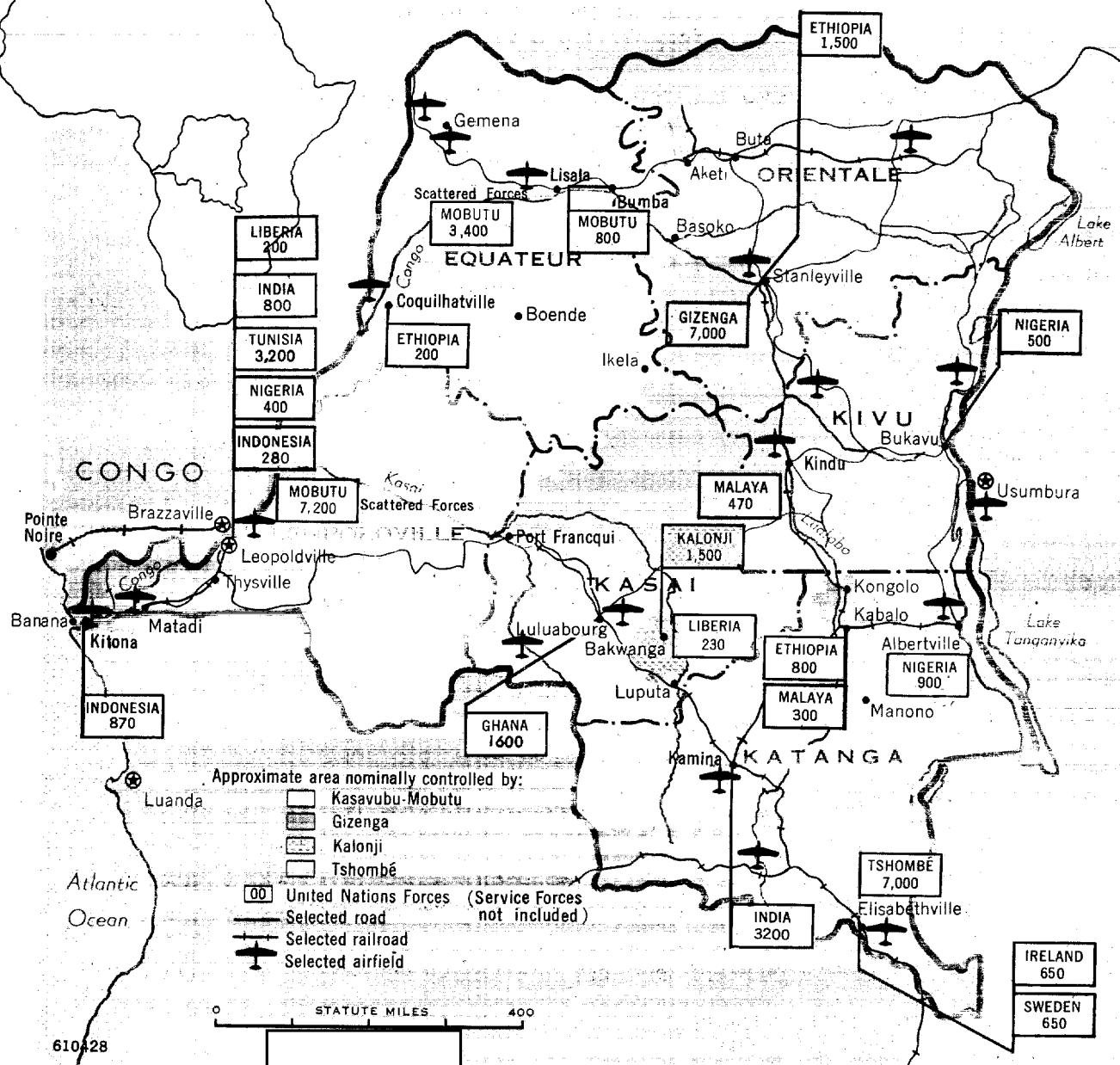
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Republic of the Congo



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Map Page.

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*Congo: Resolutions passed by the Coquilhatville conference of Congolese leaders, as announced by Foreign Minister Bomboko yesterday, appear to reflect primarily the opinions of Leopoldville-based politicians; the resolutions critical of both the Tshombé and Gizenga regimes, seem unlikely to find significant support in either Elisabethville or Stanleyville. Ambassador Timberlake commented on 29 April that the "unsophisticated" effort of the Congolese Army to keep the leaders in Coquilhatville until agreement is reached could hardly be successful and was likely merely to prolong the stalemate and widen the differences among the various Congolese factions. Tshombé is still under detention; yesterday Congolese government spokesmen said he would be detained indefinitely, would be removed to Leopoldville, and his release would depend upon "events." The disarming on 28 April by Congolese forces of a Ghanaian unit of UN troops at Port Francqui appears to have been done on local initiative. [redacted] (Map)

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Communist China: [redacted]

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25X1 [redacted] malnutrition is becoming a serious medical problem in mainland China. [redacted]

25X1 [redacted] stated recently in Hong Kong that 70 percent of her patients were suffering from "excruciating neuralgic pains" brought on by inadequate diet. [redacted]

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25X1 [redacted] estimates on the basis of his personal observation [redacted] that between 20 and 30 percent of the population in Communist China had symptoms of nutritional edema--a disease which is fatal if not properly treated. [redacted]

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Japan: Rising consumer prices and a deficit in Japanese trade accounts during the first three months of 1961 have created an undercurrent of uneasiness about the Ikeda government's economic program. Within the past week, two influential business associations which normally support the government party have charged the government with aggravating the situation by unnecessarily yielding to labor's demands for wage increases. Limited

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price rises and trade deficits were expected to result from Ikeda's long-range economic development program, but they have occurred sooner and are larger than anticipated. While the situation has not become critical, a worsening during the next several months could affect the standing of the present government.

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Singapore: (The decisive defeat of Singapore's ruling People's Action party (PAP) in a 29 April by-election is a damaging blow to the party's moderate socialist leadership, which had committed its prestige to the outcome. Ong Eng Guan, a former PAP leader and cabinet officer who was expelled from his party and government posts in mid-1960 after he charged that the leadership had lost its socialist and anticolonial fervor, won a personal triumph in the election as an independent and now is in a position to appeal for defections among the party's rank and file. To avoid demoralization within the party, the PAP leadership may call for a new general election, which it would probably win but with a reduced majority and at the price of concessions to pro-Communists, who control much of the party's mass base.)

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Britain - West Indies Federation: [The premiers of Jamaica and Trinidad fear the demands of the smaller islands in the West Indies Federation for strong central powers may seriously affect the constitutional talks opening in Trinidad on 2 May and continuing in London on 31 May. Anticipating difficult negotiations, Colonial Secretary Macleod has solicited US public statements which would support a loose federation. He also wants the US to indicate that such a federation would receive more aid than would the separate units if the constitutional talks were to break down. London, which hopes to compromise the differences between the smaller and larger islands, aims to grant independence to the West Indies, probably in 1962.]

no



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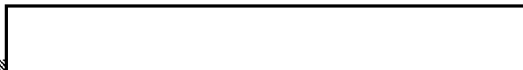
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The Situation in the Congo

The arrival at Port Francqui of a Congolese provincial official from Luluabourg to investigate the increasing tension between members of the Lulua and Baluba tribesmen apparently instigated the attack by the Congolese Army on the UN units. The Congolese apparently believed the UN was either behind the inspection or would protect the official in his probe. At least three of a 60-man Ghanaian unit were killed and the remainder captured by the numerically superior Congolese unit. The incident is indicative of Congolese sensitivity to what they feel is UN interference in their affairs.

(In Leopoldville, relations between the UN and the Kasavubu government are expected to worsen after the return of UN representative Dayal. The government has indicated that when Dayal returns, it intends to issue a release labeling him an "uninvited foreigner" and strongly implying that it may call for popular demonstrations "to dissipate any doubt which might remain in Mr. Dayal's mind concerning the usefulness of his presence in Leopoldville, which can only obstruct the success of UN operations in the Congo.")

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(In Katanga, anti-Belgian sentiment is reported to be growing within the Katanga Government. Interior Minister Munongo,

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[redacted] is reported to have joined a pro-French clique of Katangan ministers. The Belgians in Katanga apparently believe that if Munongo should attain power, he would replace Belgian advisers with French or other foreign technicians proposed by the UN.)

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The US consul in Elisabethville reported on 29 April that official and public reaction to the news of Tshombé's detention had been slight. The Katangan Council of Ministers had been meeting three times daily, but the only important decision was the proclamation of a limited state of emergency--a move apparently aimed at preventing the movement of Balubas and other Africans hostile to the government and the mass exodus of Belgians. Munongo and

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the other ministers have not assumed power. Although National Assembly President Charles Mutaka announced that he is constitutionally entitled to assume temporary command of the government when the president's position is vacated during an assembly session, UN representatives and foreign consuls summoned to a meeting by the Council of Ministers on 29 April were informed that Tshombé was considered absent for a conference and that no governmental reorganization was envisaged.

[Monetary problems in Stanleyville, which appeared serious in February, are now reported partially resolved. Soldiers and noncommissioned officers are paid regularly and fully; army officers and civil servants up to 75 percent. Reports are contradictory regarding the source of these funds. [redacted] claim that monetary regulations were effective, while [redacted] say that 500,000,000 francs were made available by friendly countries [redacted]

[redacted] However, no abnormal number of new bank notes are in evidence. Moreover, with the exception of two Egyptian telecommunications technicians to keep the Stanleyville-Cairo line functioning, no foreign technicians have been observed in Stanleyville.] [redacted]

Health Problems in Communist China

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[Mao Tse-tung reportedly told an American journalist last autumn that the average Chinese peasant currently was lucky to receive 1,000 calories in food a day. According to a nutritional study made by the Chinese Communists last year, the average peasant needs 3,000 calories a day to do his work.] Refugees from the mainland have reported a rapid climb in tuberculosis, liver disease, and stillbirths as a result of substandard diets. The inadequate diet--particularly the shortage of fats--is at least partially responsible also for the apathy now reliably reported widespread in Communist China.

Most of these ailments are progressive. Even if the diet of the average Chinese were to be substantially improved in the immediate future, it would take many months before the damage could be overcome. Labor productivity will continue to be affected by the present extent of malnutrition.

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Economic Uneasiness in Japan

The average consumer price rise of 4 percent in the past year equals the total increase during the five-year period from 1955 to 1960. Despite unprecedented economic prosperity in Japan and a steadily improving standard of living, this increase has aroused some public discontent with the Ikeda government, which had publicly predicted that prices would rise only about one percent this year.

The trade account deficit of \$230,000,000 during the first quarter of 1961 reflects a very high rate of investment in new plant and equipment as part of the government's ten-year program for doubling national income. The price rise stems primarily from strong consumer demand and from wage increases. Profit margins are being cut in some industries as a result of wage increases. Ikeda has responded to criticism on this point by contending that for several years labor productivity has been rising more rapidly than wages.

The prime minister points out also that Japan's foreign exchange reserves, which have grown to \$2 billion, are sufficient to withstand the small additional trade deficits expected in the next several months. He asserts that government action to counter the price rise and trade imbalance is not needed at this time.

Difficulties of this kind are considered normal in an economic expansion program, especially in its early stages, and are not serious in themselves. However, a recent upsurge in wholesale prices is likely to be followed by new increases on the consumer level which could carry with them important political effects. In July, Ikeda will complete his first year in office and is scheduled to reshuffle the cabinet and major party posts in a bid to consolidate his power. His intraparty rivals and the opposition Socialists almost certainly will exploit any economic discontent at that time in an effort to weaken his leadership or possibly even unseat him.

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Singapore Ruling Party's Prestige Damaged

{The defeat of the People's Action party (PAP) reflects in part the disenchantment of Singapore's economically depressed workers impatient with PAP's failure during its two years in office to effect solutions to the island's economic problems. PAP won 43 of the 51 seats in the Legislative Assembly in May 1959 as a radical socialist and anticolonialist party promising a "new order" for the working masses. Its basically moderate and carefully planned economic policies have not had spectacular results, however, and as much as 10 percent of the Singapore working force remains unemployed. In its preoccupation with creating an attractive climate for private investment in the economic development of the island, the government has attempted to hold the line on wages and create stable labor conditions, and this has led to some popular disillusionment with PAP's image as a militant party of the left.}

{In addition, the party's generally cooperative relations with the British, who retain broad powers over Singapore's foreign relations, defense, and internal security, have exposed it to charges leveled by Ong during his campaign that the party has become a stooge of the British. One of the immediate effects of the election may be diminished rapport between the PAP and the British as the party seeks to refurbish its anticolonial reputation.}

{PAP remains the best organized and most widely supported party in Singapore, however, and its defeat by Ong is primarily the result of a political miscalculation rather than an indication of a dramatic shift in the political climate. The PAP leadership forced a showdown with Ong in his home constituency, a congested area of low-income and semiliterate workers where Ong, who has a flair for demagoguery, was widely conceded to be almost unbeatable.}

{Since its formation in 1954, the PAP has been ideologically split between the moderates, who control the party's formal organs, and a pro-Communist group which controls the militant}

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(labor organs and the student groups which form a key part of the party's mass base. The dimensions of Ong's victory--75 percent of the vote--suggest that the extremists, despite a display of public support for the PAP candidate, may have rested on their oars in order to embarrass the moderates. If the government resigns, which is a possibility but not constitutionally necessary, the extremists may well be in a position to demand increased influence in the party in return for their support in new elections.)

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Britain - West Indies

[Jamaica's Premier Manley has been engaging in political maneuvering designed to ensure that his specifications for a weak, decentralized federation will be adopted by the conference. Until recently the trend had been running in favor of compromises to retain Jamaican participation. Trinidad's Premier Williams had backed down as leader of the forces advocating a strong federation. The principle that federal powers would be severely limited, at least initially, had been accepted at the committee level, and the island ministers had further agreed that Jamaica's share of the legislative seats would be upped from 38 to 48 percent to correspond more closely to the island's 53-percent share of the federation's population.]

[The smaller islands, backed by Federal Prime Minister Adams from Barbados, are becoming resentful of the increasing tendency of Manley and Williams together to dominate federal affairs and have complained bitterly that the current proposals for the conference provide for a federation too weak to be effective.]

[Secessionist sentiment is growing in Jamaica. This was originally based on economic grounds--Jamaica provides about 53 percent of the federation's gross domestic product--and is now reinforced by artificially fostered racial animosities. If Manley, who had been expected to replace the ineffectual Adams as prime minister, fails to obtain the concessions he seeks, he may urge Jamaicans to vote against continued participation in the referendum he plans to hold on the question in September. Premier Williams has said he is unwilling to remain in the federation without Jamaica and claims he turned down a suggestion by Prime Minister Macmillan to head the federation if Manley withdraws.]

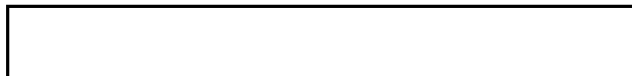
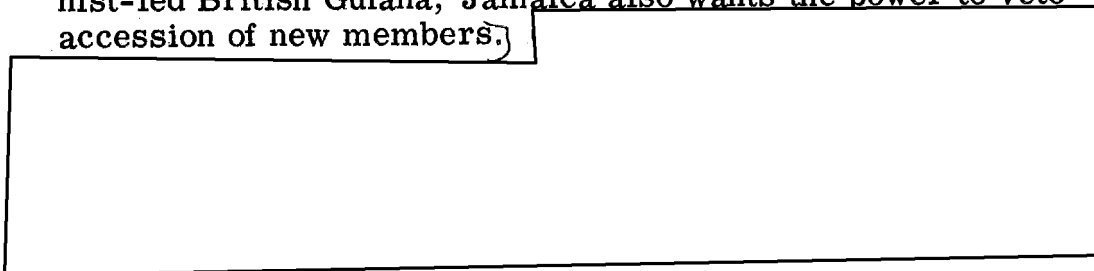
[Critical powers which Jamaica seeks to retain--income tax and industrial development incentives--are recognized in the current proposals as subjects of ultimate federal control but are]

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left to island control for the present. Various proposals for financing the federal budget through customs excises and consumption duties are to be debated. Trinidad's unwillingness to have its high per capita income downgraded by a flood of immigrants has forced a proposal to restrict freedom of movement between constituent territories. With an eye to Communist-led British Guiana, Jamaica also wants the power to veto accession of new members.)

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